

# Ike Warned Us About This

## The MICC Stranglehold on Responsible Procurement

*They tell us the mother of the last  
[KC-135] pilot hasn't been born yet.<sup>1</sup>*

By ERIC A. HOLLISTER

In his farewell address, President Dwight Eisenhower warned the Nation against “the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.” Many have more accurately referred to this as a military-industrial-congressional complex (MICC). The problems surrounding the Air Force’s KC-135 tanker replacement program dramatically highlight the importance of Eisenhower’s warning. This program, along with multiple others, has been besieged and

delayed by political efforts driven by the economic benefits of a home-state industry win. Political grandstanding, contract protests, and congressional infighting all lead to delays in military procurement—delays that are even more costly in this time of war. As history shows, waiting until a time of conflict to develop the industrial base to build needed equipment can result in dire consequences. The military-industrial-congressional complex, then, while necessary, must have its influence curtailed to ensure that national policy, not the complex, dictates the materiel acquisition process.

Eisenhower described the military-industrial complex as the “conjunction of an immense military establishment and a large arms industry” and warned that the Nation “must not fail to comprehend its grave implications.” He had initially called it the military-industrial-congressional complex, but removed *congressional* from the final version of his address to avoid upsetting his colleagues.<sup>2</sup> Actually, his final version may have been more accurate since, when Eisenhower made his speech, Congress had little direct control over how the military Services spent their money. Prior to the 1960s, Congress authorized lump-sum budgets for the Armed Forces. In 1961, Congress had spending oversight over only 2 percent (military construction), which grew to 100 percent by 1983.<sup>3</sup> Today, Congress is heavily involved in approving all expenditures requested by the Department of Defense (DOD), which,

Lieutenant Colonel Eric A. Hollister, USA, is a Curriculum Developer in the Department of Logistics and Resource Operations at the U.S. Army Command and General Staff College.



U.S. Air Force (Vincent De Groot)

KC-135s taxi into position for takeoff to refueling mission

in turn, has approval authority over military Service requests. Eisenhower's complex has evolved into a congressional-defense industry complex that almost exclusively directs how hundreds of billions are spent annually.

Adding *congressional* to the military-industrial complex presupposes that the MICC has achieved more than influence—it controls the process and makes all of the decisions. Congressman David Obey (D-WI), chairman of the U.S. House Committee on Appropriations, was asked about the mindset of individuals in charge of the defense budget. He replied, “They come from areas where it is their number one political requirement to preserve the status quo in the military. . . . I don't see Congress as being part of the solution” to making the right choices regarding prioritizing defense spending.<sup>4</sup>

Franklin C. Spinney, a (legendary) former senior analyst with DOD, maintains that the defense industry understands this, and engages in two practices to ensure success: front-loading and political engineering. *Front-loading* is the practice of grossly underestimating cost and over-selling capabilities to win a contract. *Political engineering* then follows, as the contractor spreads the program's subcontracts to as many congressional districts as possible (providing money and jobs in those districts), making the program impossible to kill once the true costs become known. Because program costs have risen, fewer items (that is, replacement aircraft) can be purchased. This leads to an aging fleet, whose operation and maintenance costs soar, increasing DOD budget requirements.<sup>5</sup> It is a truly vicious cycle that shows no sign of ending.

Because politicians are not keen to kill programs that employ their constituents, this political engineering wields tremendous political influence. The C-17 transport aircraft is a perfect example. Since 2006, DOD has not requested funds to continue building new C-17s, yet every year Congress authorizes funds for more planes. A likely but unspoken reason is that Boeing has spread the manufacturing of this plane to 30,000 jobs across 43 states, in both Democratic and Republican districts. The impact of the MICC is most evident in the Air Force's ongoing efforts to acquire a replacement refueling tanker for its 50-year-old KC-135. The replacement program clearly demonstrates how Congress, industry, and DOD all play a role in the damaging effects of the MICC.

### Birth of the KC-135

The initial acquisition of the KC-135 is an interesting tale. The post-World War II era saw the Air Force, specifically Strategic Air Command (SAC), embracing its strategic bombing role in the nuclear age as part of Eisenhower's New Look. These long-distance jet-propelled bombers needed aerial refueling, and the propeller-driven KC-97 would soon be obsolete. The B-47 Stratojet bomber had to perform tricky and slightly dangerous maneuvers to link up with the slower, prop-driven KC-97. The development of the more capable B-52 bomber would further exacerbate this problem.<sup>6</sup>

Boeing, sensing a need for jet tankers, moved aggressively to fill the gap. In 1951, using \$15 million of company money, Boeing began development of the 367-80, which would become the KC-135 and Model 707. In November 1953, General Curtis LeMay, SAC commander, called for the procurement of 200 jet tankers using fiscal year (FY) 1954 funds. The fact that he was asking for already programmed funds speaks to the urgency he felt about his request. In December, the Air Force directed a study to determine the jet tanker requirement, and announced a tanker competition the following May. Most competitors, however, felt Boeing already had the support of General LeMay, and it is not hard to understand why.<sup>7</sup> In March 1954, a *Time* magazine article about the development of the Boeing 707 mentioned a visit to the plant by LeMay, quoting him as stating, “Quite an airplane,” after inspecting the prototype that

Force concurred and allocated \$150 million for 29 aircraft in August. Two weeks later, 88 more were added for \$240 million. In October, the Air Materiel Command recommended that Boeing produce the interim tanker, with Douglas or Lockheed building the full-production model. In February 1955, the Air Force named Lockheed the tanker design competition winner and told the company to build a prototype immediately. The Service also said that Boeing's KC-135 orders would increase, adding 169 more planes to the 117 already requested. One can speculate that the Air Force wanted to give the appearance of being impartial while rapidly fulfilling a requirement using a ready-made system. If it purchased enough “interim” aircraft, by the time the winner's plane was built it would not make any sense to begin buying from another manufacturer. The KC-135 would then be the de facto choice.<sup>10</sup> In fact, of the 830 KC-135s purchased by the Air Force, 732 were identified as “interim.”<sup>11</sup>

### The KC-135 Lease Deal

The recent replacement efforts of the KC-135 have become a prime example of the influence of the MICC. As early as 1969, replacing the KC-135 became a hot topic. Then-SAC commander General Bruce K. Holloway stated, “To support the bombers, we will also need—within a few years—a larger tanker to replace some of the KC-135s, most of which have been in service since 1957.”<sup>12</sup> (The Air Force does operate 59 more capable KC-10As, with an average age of 22 years.)

*political engineering follows, as the contractor spreads the program's subcontracts to as many congressional districts as possible, making the program impossible to kill once the true costs become known*

was under development.<sup>8</sup> Later that month, an *Aviation Week* article stated that Boeing's president was confident that the Air Force would purchase the 707.<sup>9</sup> Additionally, Boeing had built more than 600 B-47s for the Air Force and was building its B-52s as well.

Boeing's perceived lead seemed to grow when in July 1954 a 367-80 test flight practiced rendezvous and refueling maneuvers with the B-52. Eight days later, the Air Research and Development Command recommended the purchase of 70 to 100 interim tankers (the 367-80) to provide an immediate source pending the selection process. The Air

A 1996 General Accounting Office (GAO) report stated that even though the aging tankers were becoming more costly to operate and maintain, Air Mobility Command had deferred their replacement until 2013. In a 2001 report, the Air Force stated that although there would be “significant cost increases” for the fleet between 2001 and 2040, “no economic crisis is on the horizon” and “the fleet is structurally viable to 2040.”<sup>13</sup>

Following model 767 tanker sales to Italy and Japan in 2000, Washington State-based Boeing offered to sell 36 to the Air Force as an interim measure while

it conducted studies for a future KC-135 replacement tanker. In June 2001 testimony, General Michael Ryan, Air Force Chief of Staff, mentioned the offer but said, “We’re looking out in the next 15-year time frame to begin that replacement.” A late 2001 press report stated that Washington Representative Norm Dicks (D), member of the Defense Subcommittee on the House Appropriations Committee, was going to insert language into a defense appropriations bill to initiate an Air Force purchase of Boeing 767 tankers. Less than a month later, Air Force Secretary James Roche expressed support for leasing 100 of the 767 tankers, calling it a “unique business opportunity.”<sup>14</sup> Language for the lease went into subsequent appropriations bills and was a topic of debate in Congress, especially when a GAO report found that leasing the planes would cost more than buying them outright. A compromise was eventually reached, and the FY2004 Defense Authorization Act gave the Air Force permission to lease 20 and purchase 80 KC-767s. In February 2004, the Air Force was directed to conduct an Aerial Refueling Analysis of Alternatives (AOA) to determine the tanker requirement, and Deputy Secretary of Defense Paul Wolfowitz directed the Defense Science Board (DSB) to conduct an independent analysis of the fleet. Prior to acting on the tanker lease/buy option, allegations of wrongdoing at Boeing surfaced, causing DOD to wait for the results of the DSB analysis and an Inspector General (IG) investigation prior to proceeding with the tanker acquisition.

Waiting turned out to be a smart move, as the DSB report found that the increase in KC-135 operational and maintenance costs was not as severe as previously thought, and that the oft-reported corrosion problems could be controlled. The report concluded that there was no pressing need to initiate a KC-135 replacement program prior to the completion of the AOA report, which would determine future requirements. The DOD IG found that a former Air Force lead negotiator for the tanker lease had been secretly negotiating for an executive position with Boeing while still overseeing the lease deal, leading to jail time for the negotiator and a Boeing executive. The IG also found that Secretary Roche misused his office while trying to gain support for the lease plan, and four other senior DOD officials were guilty of evading Office of Management and Budget and DOD regulations.<sup>15</sup> The lease option was dead, due

to the influence of the MICC, in this case characterized by politics, greed, and improper conduct overriding the existing process.

### The KC-X Competition

The Air Force’s next attempt at a tanker replacement program was the KC-X competition. In April 2006, the Service released a draft Request for Proposal (RFP) to receive comments from the competition participants. Both the Boeing and Northrop-European Aeronautic Defence and Space Company (EADS) camps were puzzled by the broad, lengthy list of wide-ranging requirements, especially an oddly political question requiring the competitors to explain “business arrangements that involve a financial contribution from government,” and interest in the effects of “retaliatory duties that may be imposed [by] the World Trade Organization [WTO].”<sup>16</sup> This was a reference to a WTO investigation (initiated by complaints from Boeing and the United States) of possible illegal government “launch aid” received by

---

*the lease was a topic of debate in Congress, especially when a GAO report found that leasing the planes would cost more than buying them outright*

---

Airbus (a subsidiary of EADS, which was a partner of Northrop in the tanker competition) in its commercial airline development program. Of course, the European Union and Airbus had lodged a similar complaint against Boeing and the United States. It seemed odd to some observers that such language would make it into an acquisition document, possibly betraying the influence of Boeing lobbyists or supporters in Congress.<sup>17</sup> Northrop was unhappy with the draft RFP criteria, believing that cost was heavily weighted over capability, which would favor Boeing’s entry, the KC-767 that was part of the earlier lease deal. The Air Force initially decided it was not going to accept any of Northrop’s recommended changes to the RFP, leading to speculation that Northrop would drop out of the competition.<sup>18</sup>

The final KC-X RFP was released in late January 2007, and at stake was a \$40 billion contract for 179 tankers to begin replacing the KC-135 at a rate of 12 to 18 per year. The Air

Force stated it had made some changes to the RFP that addressed Northrop’s concerns and leveled the playing field.<sup>19</sup> Northrop not only decided to stay in the competition, but also began building the first tanker (a modified A330) prior to winning the contract, promising delivery within 1 month of contract award. This was a challenge to Boeing, whose efforts to fill model 767 tanker orders for Italy and Japan were behind and experiencing problems.<sup>20</sup> Leading up to the contract announcement, the posturing continued as the Boeing camp touted that it was the American-made alternative. Northrop dulled this argument by announcing that its tankers would be assembled in a new plant built in Mobile, Alabama, if it won.<sup>21</sup> The surprise announcement came in late February 2008, as the Northrop A330 entry, known as the KC-45, won the competition. Some insiders believed that it was one of the RFP changes added to placate Northrop, known as “Factor 5,” that led to its victory.<sup>22</sup>

About 2 weeks later, Boeing filed an official protest. Northrop meanwhile lined up 240 suppliers in 49 states, which would result in 48,000 direct and indirect new jobs, none of which would move to Europe.<sup>23</sup> What followed was an all-out propaganda war between the two competitors, featuring millions of dollars in full-page newspaper advertisements, letters to the Secretary of Defense, and Capitol Hill posturing from Congressmen on both sides. While the contract was on hold pending a GAO review, Boeing and Northrop were spending millions lobbying, with both hiring big name former politicians such as Dick Gephardt and Trent Lott to spearhead their efforts. In June 2008, the GAO announced that the Air Force had made “a number of significant errors that could have affected the outcome,” and sustained Boeing’s protest.

The GAO report sustaining the protest did not portray the Air Force in a positive light. According to the report, the Service did not weigh the relative merits of each submission according to the RFP; used a key performance parameter discriminator in direct contradiction to language in the RFP; did not ensure that the submissions could refuel all current Air Force fixed-wing, tanker-compatible aircraft as required in the RFP; conducted “misleading and unequal discussions with Boeing”; and did not evaluate the military construction costs of the proposals.<sup>24</sup>

The Air Force and its tanker replacement program were back at square one. But

the political jockeying never ceased. In a letter to the editor, Senator Richard Shelby, a Republican from Alabama, where Northrop was going to assemble its tankers, stated, “One place we should not see politics is in our Department of Defense acquisition process.” Never mind that his letter was entitled “Rigged in Boeing’s Favor,” and made no mention of the litany of Air Force errors outlined in the GAO report sustaining Boeing’s protest.<sup>25</sup> Many, including the late Representative John Murtha (D-PA), chairman of the House Defense Appropriations Subcommittee, believed that the Pentagon should pursue a split-buy contract, with Murtha saying he did not think the Air Force could get by the protest process if it awarded the contract to one firm.<sup>26</sup>

Also supporting the split were Alabama Representatives Jo Bonner (R) and Arthur Davis (D), a position they outlined as part of a lengthy *Washington Times* editorial providing recommendations for how the Air Force should structure the new RFP and chiding

Boeing for its “buy American” campaign (“The Northrop Grumman bid means nearly 50,000 American jobs in 50 states”). According to the editorial, Representative Neil Abercrombie (D-OH), chairman of the House Armed Services Subcommittee on air and land forces, was also pro-split, as a dual-buy could save the government money by replacing the aging KC-135s faster than a single source.<sup>27</sup> Opposing the split were Senator John McCain (R-AZ), Air Force Secretary Michael Donley, Chief of Staff General Norton Schwartz, and perhaps the most important voice, Secretary Gates. They all cited increased operational and training costs associated with maintaining two different platforms and the fact that there was not enough money in the annual Air Force acquisition budget to

purchase enough planes per year to keep two separate lines operational.

Another ever-present issue was the aforementioned WTO investigation of Airbus. A confidential preliminary ruling apparently found that Airbus received illegal developmental loans from European governments. Senator Patty Murray (D-WA) led the charge to ensure that the WTO ruling was considered in the tanker selection process. Congress, in language added to the 2009 defense authorization act, went so far as to require Secretary Gates to conduct a formal review of subsidies on the tanker program once the WTO reached a decision.<sup>28</sup> Meanwhile, the Air Force released the draft RFP in late September 2009, giving lawmakers and contractors 60 days to review and comment.

---

*Boeing and Northrop were spending millions lobbying, with both hiring big name former politicians such as Dick Gephardt and Trent Lott to spearhead their efforts*

---



Chairman greets Representatives David R. Obey and Norman D. Dicks before testifying on fiscal year 2011 Defense Authorization Bill

DOD (Chad J. McNeeley)

**Take Three**

The RFP again called for 179 planes at a rate of 15 per year. Republican Senator Sam Brownback of Kansas (another state in which Boeing planes are built) stated that he would fight to have the WTO ruling considered as part of the RFP. Airbus maintained that any ruling could not be considered until it was final, which could take months.<sup>29</sup> Northrop complained that the competition was unfair because Boeing had been given Northrop's pricing information from the previous bid, while Northrop had not received similar information about its opponent. It was also noted that the RFP's 373 mandatory requirements and 93 optional provisions left little room for competition, save cost.<sup>30</sup> Senator Shelby felt that the competition was "already tilted toward Boeing. I believe it's a sham." Senator Jeff Sessions (R), also of Alabama, complained that cost would be the sole discriminator in the competition, and stated that Northrop said it may not compete if the process was not fair, a *déjà vu* moment for many familiar with the KC-X history.<sup>31</sup> "This is tantamount to a cost shootout that accelerates the race to the bottom," said Michael Waldman, a Northrop vice president. Boeing supporters said this was standard procedure for Northrop, making complaints and threatening to drop out unless the RFP was changed. "Let them pull out," said Representative Dicks (D-WA), once again sounding the WTO findings: "In order to be fair, the request for proposals must be modified to neutralize the advantage that government subsidies give to one bidder."<sup>32</sup>

The posturing continued into November, as both sides argued their case. In support of Boeing, 39 bipartisan

lawmakers sent a letter to President Barack Obama asking the Air Force to include the WTO ruling in its RFP.<sup>33</sup> The Pentagon was unmoved, stating that it would not consider any pending WTO findings in the tanker competition.<sup>34</sup> Leaders from Alabama stormed Capitol Hill once again to make the case for Northrop, which repeated its threat to drop out of the competition unless revisions it had requested to the RFP were accepted. In December, the Air Force stated that it was unlikely to make changes to the RFP based on Northrop's objections. This led Senator Sessions to put a hold on two nominations that would be involved in the tanker selection process: the Under Secretary of the Air Force and Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics.<sup>35</sup> A week later, the WTO issue got even worse for Northrop when the WTO report on possible subsidies received by Boeing from the U.S. Government was delayed for 6 months.<sup>36</sup>

In January 2010, in a slight about-face, General Schwartz stated the final RFP release would be delayed as "modest" changes to the program were made to "lessen the financial risk" to competitors.<sup>37</sup> During this delay, Senator Shelby placed a hold on 47 of President Obama's nominations, eventually dropping the holds on all but 3: the 2 mentioned above being held up by Senator Sessions, and the nominee for Assistant Secretary of the Air Force.<sup>38</sup> These holds were eventually lifted, without explanation, in the first week of March.

The RFP was finally released in late February. Approximately 2 weeks later, Northrop withdrew from the

competition, stating that it felt the solicitation was written to favor Boeing. Understandably, emotions ran high on both sides of the competition. "The new chairman of the Defense Subcommittee is happy," stated Representative Dicks, who had replaced Murtha as the chairman of the Defense Appropriations Subcommittee. Alabama politicians were not pleased with the decision. "This so-called competition was not structured to produce the best outcome for our men and women in uniform; it was structured to produce the best outcome for Boeing," said Senator Shelby. "The Air Force's refusal to make substantive changes to

*the Air Force stated that it was unlikely to make changes to the RFP based on Northrop's objections*

level the playing field shows that once again politics trumps the needs of our military."<sup>39</sup> This did not signal the end of the drama, however, as Northrop's partner, EADS, later made the decision to enter the competition on its own. This increased the focus on the WTO issue and led Representative Dicks to advise U.S. companies not to partner with EADS, resulting in accusations of U.S. protectionism. These claims were bolstered by a bill introduced in Congress that would require DOD to consider WTO rulings when deciding on defense contracts. More recently, Boeing briefly threatened to drop out of the competition, citing doubts that it could win or make money on the fixed-price contract.

It is interesting to note how Boeing's political position has strengthened since the last competition. President Obama and many

**KC-135 refuels F-5s for bomb run against Viet Cong position in South Vietnam, 1960s**



U.S. Air Force

of his top advisors are from Chicago, now Boeing's headquarters. The state of Washington has received some additional clout as Representative Adam Smith (D) is assuming Representative Abercrombie's subcommittee chair and, as stated earlier, Dicks replaced Murtha, who died February 8, 2010. Perhaps sensing this shift in Boeing's clout, Northrop recently announced that it was moving its headquarters from Los Angeles to the Washington, DC, area.

It appears a KC-135 replacement program may be under way. However, at the rate of 15 planes a year, replacing the approximately 500 45-year-old KC-135s will take decades. The possible impacts of an aging KC-135 fleet make its rapid replacement all the more important and the years of delay all the more damaging. Tanker operations in Afghanistan and Iraq from 2004 to 2007 averaged over 13,000 sorties offloading over 833 million gallons of fuel per year.<sup>40</sup> Clearly, these aircraft represent a significant capability, the absence of which would severely curtail the Nation's ability to project power. As the fleet approaches an average age of 50 years, concern over its expected lifespan and possible catastrophic failure resulting in grounding naturally increases. These concerns may be warranted, as in September 2004 the Air Force grounded 29 KC-135Es (the oldest model then in use) for safety reasons. Repeated studies, however, have determined that KC-135Es were "structurally viable until 2040," and the KC-135R variants could be flown until 2030.<sup>41</sup>

The earlier noted DSB report examined the grounding issue and determined that "although grounding is possible, the task force assesses the probability as no more likely than that of any other aircraft in the inventory." The aforementioned AOA was less optimistic, stating that "the nation does not currently have sufficient knowledge about the state of the KC-135 fleet to project its technical condition over the next several decades with high confidence." The bottom line, however, was summed up by then-Secretary of the Air Force Michael Wynne in testimony to Congress in October 2007:

*One thing that's for sure is that we have 44-year-old tankers. One thing for sure is that some of those tankers will go to age 75 before we can retire them, simply because of affordability—that we cannot afford the rate*

*of growth. Even if we were to award today, we can forecast that they would be 75 years old.*<sup>42</sup>

That statement was made 3 years ago and came 5 years after the initial attempt to replace the KC-135. And the Nation is no closer to that goal.

### The MICC Influence

While the KC-135 replacement program is the perfect MICC case study, it is in no way the only recent example of its influence. The VH-71 Presidential Helicopter replacement

program, the second F-35 Joint Strike Fighter engine, the C-17 cargo aircraft mentioned earlier, and efforts to move an aircraft carrier from Virginia to Florida have all been heavily influenced by the MICC. Perhaps the most public of all the examples was the fight over the F-22 fifth-generation fighter program. The jet, often referred to as a "Cold War relic" by Secretary Gates and in development for decades, suffered from skyrocketing production costs leading to ever smaller planned acquisition numbers (currently 187, down from the originally planned 750 in the 1980s).

**Secretary Gates has imposed his will against difficult challenges and mustered enough congressional support to enact desired Pentagon programs**



DOD (Chad J. McNealey)

Add to this the fact that an F-22 had not been used in either of the Nation's current conflicts in Iraq and Afghanistan, and the DOD desire to end the program would seem logical. Secretary Gates finally succeeded in capping production of the jet, but only after a long, contentious battle with its supporters.

In hard economic times, arguments to save a particular program inevitably center on job creation. Jobs are often used as justification to save the C-17 program, as mentioned earlier. The F-22 also attempted to benefit from this tactic, as Lockheed and the plane's supporters warned that 25,000 jobs would be lost if the production line were shut down. So far, this has not been the case, as other planes have actually led to increased employment at Lockheed facilities.<sup>43</sup> The F-35's second engine would purportedly save 1,000 Massachusetts jobs.<sup>44</sup> Many nonelected officials do not believe that jobs should be factored into decisions about national defense, however. Jacques Gansler, the Pentagon's top weapons buyer during the Clinton administration, argues that DOD "is not a social-service organization. Its mission is providing national security for the nation. Its mission is not to provide subsidies for jobs. The DOD is not in the business of employing people for the sake of employing them."<sup>45</sup>

It is somewhat difficult to assess with certainty the impact of the MICC beyond broad generalized statements based on the information presented above. Clearly, the Air Force still has no program to replace a 50-year-old KC-135 airframe 9 years after it first attempted to start one. The Nation's contentious system has repeatedly led to delays in the acquisition process. In fact, the GAO recently found that Pentagon contract protests had increased 24 percent between 2007 and 2008, and 38 percent since 2001.<sup>46</sup> Protests cause delays in contract execution, which in turn can prevent critical requirements from being fielded to the force. What is harder to determine is how much money the MICC has saved the country. Following World War II, the Services had run up a not-so-impressive record of acquisition waste, requiring congressional intervention such as the Goldwater-Nichols and Nunn-McCurdy Acts.

Additionally, studies as early as the 1915 pre-World War I Treat Board determined that waiting until wartime to develop a military industry to produce the needed materiel will not work,<sup>47</sup> a lesson hammered home, albeit unintentionally, by Secretary of Defense

Donald Rumsfeld in his now-famous 2004 statement: "You go to war with the Army you have. They're not the Army you might want or wish to have at a later time."<sup>48</sup> DOD seems to have recognized the nature of this relationship, addressing the need for a "robust and capable defense industry" in the 2010 Quadrennial Defense Review. The Pentagon could not resist a warning to the industry, however, stating, "Our engagement with industry does not mean the Department of Defense will underwrite sunset industries or prop up poor business models."<sup>49</sup>

---

*many nonelected officials do not believe that jobs should be factored into decisions about national defense*

---

So it appears the Nation requires the MICC, and in any event its influence will not dissipate any time soon. In fact, the recent ruling by the Supreme Court allowing corporations to make unlimited campaign contributions would appear to increase MICC influence dramatically. What is needed, then, are ways to negate this influence when it comes time for important decisions to be made. One way to do this is through legislation that would make this type of influence completely transparent. For the larger programs such as the KC-135, transparency is hardly an issue, as Congressmen from states that benefit from the industry can be counted on to vote to the advantage of their state.

But for the smaller influence, known as earmarks, transparency becomes a problem. This issue was serious enough for President Obama to address in his 2010 State of the Union address, where he implored Congress to "publish all earmark requests to a single website before there is a vote." Prior legislative attempts have not fared well. For example, in April 2009, Congressman Paul Hodes (D-NH) proposed legislation that would break the link between earmarks and campaign contributions. His bill would prohibit a Member of Congress from taking a contribution from any person or company that has received an earmark from that Member. His legislation stalled, having received only 10 cosponsors.

Legislation such as that, however, would not prevent a Congressman from voting for his constituents' interests over national interests. A better system would be one of recusal, similar to what is spelled out in the "Ethics

Commitments by Executive Branch Personnel" executive order signed by President Obama in January 2009. In the order, all appointees entering government "will not for a period of 2 years from the date of [their] appointment participate in any particular matter involving specific parties that is directly and substantially related to [their] former employer or former clients, including regulations and contracts." Likewise, a Congressman could be recused from voting on appropriation matters in which his constituents have a direct and unique stake in the outcome (that is, a tanker aircraft built in his state). Obviously, with the way industry politically engineers its contracts, this kind of law would lead to a considerable amount of recusals. It is possible, however, that such a rule could work to reverse the political engineering trend. This, of course, would not preclude quid pro quo maneuvering, filibustering, or nomination blocking by those recused, but perhaps it would be a start.

A third way is to have the rare individual at the helm who can achieve enough bipartisan trust, respect, and support to overcome the influence of the MICC. Secretary Gates appears to be such a person. He is the first Defense Secretary to serve under administrations of different parties, a defense outsider but government insider (having served a distinguished career in the intelligence arena), and is greatly respected by politicians and civilians alike. With the F-22 and other highly prized systems, he has shown that he can impose his will against difficult challenges and muster enough congressional support to enact the Pentagon's desired program of materiel acquisition. This year will be both interesting and pivotal, as he takes on the C-17 (once again) and the second engine for the F-35, among other entrenched systems. The problem with relying on someone like this is that such a person does not enter the political arena often.

A fourth way is for DOD to better manage, maintain, educate, and train its procurement workforce, both civilian and military. This includes reducing DOD reliance on contractors to oversee aspects of procurement activities. Since 2000, growth in procurement contracts has risen 155 percent, compared to a 10 percent growth in those professionals charged with oversight. Ensuring the health and future of the procurement workforce will allow the DOD to better construct RFPs, assess proposals, and oversee contract execution, and could preclude many of the issues that enable the

MICC to wield its influence in the first place. DOD is already making progress in this area, such as adding 20,000 acquisition personnel positions by 2015 and establishing an Army Contracting Command.<sup>50</sup> This recommendation is especially important at a time when the civilian experience in DOD is dwindling at ever increasing rates as the baby-boomer generation retires.

The final way to reduce the influence of the MICC is also the most unlikely—term limits. Limiting the terms of our political leaders would make them far less worried about reelection, subsequently less beholden to campaign contributors, and more concerned with what is best for the Nation. At this time, however, the members of the voting public are the only ones able to limit the terms of our representatives, and scant few of them read the National Security Strategy or Quadrennial Defense Review.

While the military-industrial-congressional complex has allowed the United States to maintain a defense industry second to none, its influence in the acquisition decisionmaking process has reached damaging levels, as illustrated by the inability to replace the aging KC-135 tanker. This influence must be curtailed, either through legislation that ensures lobbying transparency, or recusals of congressional leaders with unique stakes in contract award outcomes. If nothing changes, the Nation will have to rely on the sheer will of a strong, respected leader to break through the gridlock, the experience and actions of the procurement workforce, or the votes of an informed citizenry fed up with the status quo. It does not appear that the industrial and political leadership of this nation will make the changes required, as they have continuously shown that the bottom line comes before national interests. **JFQ**

## NOTES

<sup>1</sup> Noah Shachtman, "Ancient Jet Keeps the U.S. Air War Flying," *Wired.com*, August 18, 2009.

<sup>2</sup> Winslow T. Wheeler, ed., *America's Defense Meltdown: Pentagon Reform for President Obama and the New Congress* (Stanford, CA: Stanford Security Studies, 2009), 16.

<sup>3</sup> David S. Sorenson, *The Process and Politics of Defense Acquisition: A Reference Handbook* (Westport, CT: Praeger Security International, 2009), 109.

<sup>4</sup> George C. Wilson, *This War Really Matters: Inside the Fight for Defense Dollars* (Washington, DC: CQ Press, 2000), 125.

<sup>5</sup> Winslow T. Wheeler and Lawrence J. Korb, *Military Reform: A Reference Handbook* (Westport, CT: Praeger Security International, 2007), 22–24.

<sup>6</sup> Richard K. Smith, *Seventy-five Years of Inflight Refueling: Highlights, 1923–1998* (Washington, DC: Air Force History and Museums Program, 1998), 44.

<sup>7</sup> Robert S. Hopkins, *Boeing KC-135 Stratotanker: More Than Just a Tanker* (Leicester, UK: Midland Publishers, 1997), 26.

<sup>8</sup> "Boeing's Bid," *Time*, March 8, 1954, 10.

<sup>9</sup> William J. Coughlin, "Boeing Predicts AF Will Buy 707," *Aviation Week*, March 29, 1954, 22–25. According to this article, due to the prevailing tax structure, the actual risk to Boeing was about \$3 million.

<sup>10</sup> Hopkins, 28.

<sup>11</sup> Smith, 45.

<sup>12</sup> Bruce K. Holloway, "SAC: Dynamic Deterrent," *Vital Speeches of the Day* (Southold, NY: City News Publishing, 1969), 708.

<sup>13</sup> "The Air Force KC-767 Tanker Lease Proposal: Key Issues for Congress," September 2, 2003, 2, available at <<http://fas.org/man/crs/RL32056.pdf>>.

<sup>14</sup> *Ibid.*, 4–5.

<sup>15</sup> "Air Force Aerial Refueling," March 20, 2007, 3, available at <<http://fas.org/sgp/crs/weapons/RS20941.pdf>>.

<sup>16</sup> David A. Fulghum, "Tanker Dreams," *Aviation Week & Space Technology* 164, no. 18 (2006), 28–29.

<sup>17</sup> "Leave Boeing-Airbus Trade Dispute Out of Tanker Replacement," *Aviation Week & Space Technology* 165, no. 19 (2006), 139.

<sup>18</sup> Stanley Holmes and Dawn Kopecki, "Northrop Poised to Drop Defense Bid," *BusinessWeek Online* (2007), 5.

<sup>19</sup> Amy Butler and David Fulghum, "Threat Game," *Aviation Week & Space Technology* 166, no. 6 (2007), 89.

<sup>20</sup> Amy Butler, "Head Start," *Aviation Week & Space Technology* 166, no. 23 (2007), 58.

<sup>21</sup> Christopher Palmeri, "A \$40 Billion Tanker Battle," *BusinessWeek Online* (2008), 18.

<sup>22</sup> Amy Butler, David A. Fulghum, and Robert Wall, "Unseated!" *Aviation Week & Space Technology* 168, no. 9 (2008), 22–23.

<sup>23</sup> Judith Crown and Keith Epstein, "Boeing Files Tanker Protest," *BusinessWeek Online* (2008), 9.

<sup>24</sup> "Air Force Procurement Aerial Refueling Tanker Protest: Testimony Before the Air and Land Forces Subcommittee, Committee on Armed Services, House of Representatives," 2, available at <<http://purl.access.gpo.gov/GPO/LPS99951>>.

<sup>25</sup> Richard Shelby, "Rigged in Boeing's Favor," *The Washington Times*, September 22, 2008.

<sup>26</sup> Megan Scully, "Murtha Eases Demand for Split Tanker Deal," *CongressDaily*, June 24, 2009.

<sup>27</sup> Joe Bonner, "There They Go Again," *Military Technology* 32, no. 8 (2008), 10.

<sup>28</sup> Roxana Tiron, "Murray Asks Gates to Weigh in on WTO Dispute as Tanker Competition Looms," *The Hill*, September 15, 2009.

<sup>29</sup> Molly McMillin, "Senator: Air Force Must Hear WTO," *Wichita Eagle*, September 29, 2009, 1B.

<sup>30</sup> W.J. Hennigan, "Contest for Air Force Refueling Tanker Contract Again Hits Turbulence," *Los Angeles Times*, October 5, 2009.

<sup>31</sup> Andrea Shalal-Esa, "Alabama Lawmakers Say Pentagon Tanker Rules Unfair," *Reuters.com*, October 27, 2009.

<sup>32</sup> Les Blumenthal, "Northrop Charges that Tanker Bidding Skewed Toward Boeing," *McClatchy Newspapers*, November 1, 2009.

<sup>33</sup> Donna Borak, "Boeing Backers Press Obama on \$35B Tanker Contract," *Associated Press*, November 2, 2009.

<sup>34</sup> George Talbot, "Pentagon Official Stands Firm," *Mobile (AL) Press-Register*, November 24, 2009.

<sup>35</sup> Andrea Shalal-Esa, "Alabama Senators to Meet with Pentagon on Tanker," *Reuters.com*, December 15, 2009.

<sup>36</sup> Pilita Clark, "Airbus Fears Delayed WTO Report Will Hurt Hopes of Pentagon Deal," *The Financial Times*, December 21, 2009.

<sup>37</sup> Jen DiMascio, "Air Force Tanker Faces More Delays," *Politico.com*, January 20, 2010.

<sup>38</sup> Megan Scully and Dan Friedman, "Senator Lifts Nominee Holds, Says Issues Being Addressed," *CongressDaily*, February 9, 2010.

<sup>39</sup> John M. Donnelly, "Cost Control Becomes New Focus as Northrop Drops Refueling Tanker Bid," *CQ Today*, March 9, 2010.

<sup>40</sup> William Knight et al., *Air Force Air Refueling the KC-X Aircraft Acquisition Program* (Washington, DC: Congressional Research Service, 2008), 4.

<sup>41</sup> Christopher Bolkcom, *Air Force Aerial Refueling Methods: Flying Boom versus Hose-and-Drogue, RL32910* (Washington, DC: Congressional Research Service, updated June 5, 2006), 3.

<sup>42</sup> Knight et al., 10.

<sup>43</sup> Dan Chapman, "Not So Fast on Aircraft Layoffs," *Atlanta Journal-Constitution*, December 22, 2009.

<sup>44</sup> Brian Bender, "Mass Push Saves Costly Engine Plan," *Boston Globe*, December 23, 2009.

<sup>45</sup> Dana Hedgpeth, "Pentagon Contract Saves Jobs at Wisconsin Truckmaker Oshkosh Corp.," *The Washington Post*, December 19, 2009.

<sup>46</sup> Tony Capaccio and Gopal Ratnam, "Pentagon Reviews Contract Protests After 24% Spike," *Bloomberg.com*, November 17, 2009.

<sup>47</sup> James C. Longino, *A Study of World War Procurement and Industrial Mobilization* (Washington, DC: Army Industrial College, 1939), 44.

<sup>48</sup> Thomas Ricks, "Rumsfeld Gets Earful from Troops," *The Washington Post*, December 9, 2004.

<sup>49</sup> Department of Defense (DOD), *Quadrennial Defense Review Report* (Washington, DC: DOD, 2010), 81.

<sup>50</sup> *Ibid.*, 77.